110TH CONGRESS 1ST SESSION

H. R. 905

To increase accountability and equity in the Federal budget.

IN THE HOUSE OF REPRESENTATIVES

February 7, 2007

Mr. UDALL of Colorado introduced the following bill; which was referred to the Committee on Oversight and Government Reform, and in addition to the Committees on Ways and Means, and Rules, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To increase accountability and equity in the Federal budget.

- 1 Be it enacted by the Senate and House of Representa-
- 2 tives of the United States of America in Congress assembled,
- 3 SECTION 1. SHORT TITLE.
- 4 This Act may be cited as the "Commission on Unfair
- 5 Tax Breaks and Subsidies (or 'CUTS') Act of 2007".
- 6 SEC. 2. PURPOSE.
- 7 The purpose of this Act is to establish a congressional
- 8 advisory commission to identify and evaluate inequitable
- 9 Federal subsidies.

1 SEC. 3. DEFINITIONS.

2	(a) In General.—For purposes of this Act, the term
3	"inequitable Federal subsidy" means a payment, benefit,
4	service, or tax advantage that—
5	(1) is provided by the Government to any cor-
6	poration, partnership, joint venture, association,
7	business trust, or industry other than—
8	(A) a nonprofit organization described
9	under section 501(c)(3) of the Internal Revenue
10	Code of 1986 that is exempt from taxation
11	under section 501(a) of the Internal Revenue
12	Code of 1986; or
13	(B) a State or local government or Indian
14	Tribe or Alaska Native village or regional or vil-
15	lage corporation as defined in or established
16	pursuant to the Alaska Native Claims Settle-
17	ment Act (43 U.S.C. 1601 et seq.);
18	(2) is provided without a reasonable expecta-
19	tion, demonstrated with the use of reliable perform-
20	ance criteria, that actions or activities undertaken or
21	performed in return for such payment, benefit, serv-
22	ice, or tax advantage would result in a return or
23	benefit, quantifiable or nonquantifiable, to the public
24	at least as great as the payment, benefit, service, or
25	tax advantage; and

1	(3) provides an unfair competitive advantage or
2	financial windfall.
3	(b) Exception.—Such term shall not include a pay-
4	ment, benefit, service, or tax advantage that—
5	(1) is awarded for the purposes of research and
6	development that—
7	(A) is in the broad public interest on the
8	basis of a peer reviewed or other open, competi-
9	tive, merit-based procedure;
10	(B) is for a purpose consistent with the
11	mission of the agency;
12	(C) supports competing technologies at lev-
13	els appropriate to their potential, as determined
14	by an appropriate priority setting process; and
15	(D) the private sector cannot reasonably be
16	expected to undertake without Federal support
17	at a level or in a timeframe consistent with the
18	payment, benefit, service, or tax advantage's po-
19	tential to provide broad economic or other pub-
20	lie benefit;
21	(2) Primarily benefits or promotes.—
22	(A) public health, safety, or the environ-
23	ment,
24	(B) development or use of energy from re-
25	newable sources;

1	(C) more efficient generation, trans-
2	mission, or use of energy;
3	(D) national security, including homeland
4	security; or
5	(E) education;
6	(3) is necessary to comply with international
7	trade or treaty obligations; or
8	(4) is for the purpose of procurement of prop-
9	erty or services by the United States Government.
10	SEC. 4. COMMISSION.
11	(a) Establishment.—There is established an inde-
12	pendent commission to be known as the "Commission on
13	Unfair Tax Breaks and Subsidies" (hereafter in this Act
14	referred to as the "Commission").
15	(b) Duties.—The Commission shall—
16	(1) examine the programs and tax laws of the
17	Government and identify programs and tax laws
18	that provide inequitable Federal subsidies;
19	(2) review inequitable Federal subsidies; and
20	(3) submit the report required under section
21	206 to the Congress.
22	(c) Limitations.—
23	(1) Creation of New Programs or Taxes.—
24	This Act is not intended to result in the creation of
25	new programs or taxes, and the Commission estab-

1	lished in this section shall limit its activities to re-
2	viewing programs or tax laws as of the date of en-
3	actment of this Act with the goal of ensuring fair-
4	ness and equity in the operation and application
5	thereof.
6	(2) Elimination of agencies and depart-
7	MENTS.—The Commission shall limit its rec-
8	ommendations to the termination or reduction of
9	payments, benefits, services, or tax advantages, rath-
10	er than the termination of Federal agencies or de-
11	partments.
12	(d) Advisory Committee.—The Commission shall
13	be considered an advisory committee within the meaning
14	of the Federal Advisory Committee Act (5 U.S.C. App.).
15	(e) Appointment.—
16	(1) Members.—The Commissioners shall be
17	appointed for the life of the Commission and shall
18	be composed of 5 members of whom—
19	(A) one shall be appointed jointly by the
20	Speaker of the House of Representatives and
21	the majority leader of the Senate;
22	(B) one shall be appointed by the Speaker
23	of the House of Representatives;
24	(C) one shall be appointed by the minority
25	leader of the House of Representatives;

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1	(D) one shall be appointed by the majority
2	leader of the Senate; and
3	(E) one shall be appointed by the minority
4	leader of the Senate.
5	Such appointments shall be made not later than 90
6	days after the date of the enactment of this Act.
7	(2) Consultation required.—The Speaker
8	of the House of Representatives, the minority leader
9	of the House of Representatives, the majority leader
10	of the Senate, and the minority leader of the Senate
11	shall consult among themselves prior to the appoint-
12	ment of the members of the Commission in order to
13	achieve, to the maximum extent possible, fair and
14	equitable representation of various points of view
15	with respect to the matters to be studied by the
16	Commission under subsection (b).
17	(3) Chairman of the Commis-
18	sion shall be the member appointed as provided in
19	paragraph (1)(A).
20	(4) Background.—The members shall rep-
21	resent a broad array of expertise covering, to the ex-
22	tent practical, all subject matter, programs, and tax

laws the Commission is likely to review.

1 (f) TERMS.—Each member of the Commission in-2 cluding the chairman shall serve until the termination of 3 the Commission.

(g) Meetings.—

- (1) Initial Meeting.—Not later than 180 days after the date of the enactment of this Act, the Commission shall conduct its first meeting. The first nonadministrative business of the Commission shall be to establish criteria for evaluating whether a payment, benefit, service, or tax advantage is an inequitable Federal subsidy for purposes of this Act.
- (2) OPEN MEETINGS.—Each meeting of the Commission shall be open to the public. In cases where classified information, trade secrets, or personnel matters are discussed, the chairman may close the meeting. All proceedings, information, and deliberations of the Commission shall be available, upon request, to the chairman and ranking member of the relevant committees of Congress.

(h) Vacancies.—A vacancy on the Commission—

- (1) shall be filled in the same manner as the original appointment not later than 30 days after the Commission is given notice of the vacancy, and
- (2) shall not affect the power of the remaining members to execute the duties of the Commission.

(i) PAY AND TRAVEL EXPENSES.—

- (1) PAY.—Notwithstanding section 7 of the Federal Advisory Committee Act (5 U.S.C. App.), each commissioner, other than the chairman, shall be paid at a rate equal to the daily equivalent of the minimum annual rate of basic pay for level IV of the Executive Schedule under section 5315 of title 5, United States Code, for each day (including travel time) during which the member is engaged in the actual performance of duties vested in the Commission.
 - (2) CHAIRMAN.—Notwithstanding section 7 of the Federal Advisory Committee Act (5 U.S.C. App.), the chairman shall be paid for each day referred to in paragraph (1) at a rate equal to the daily payment of the minimum annual rate of basic pay payable for level III of the Executive Schedule under section 5314 of title 5, United States Code.
 - (3) Travel expenses.—Members shall receive travel expenses, including per diem in lieu of subsistence, in accordance with section 5702 and 5703 of title 5, United States Code.

23 (j) Director of Staff.—

24 (1) QUALIFICATIONS.—The chairman shall appoint a Director who has not served in any of the

- entities or industries that the Commission intends to review during the 12 months preceding the date of such appointment.
 - (2) PAY.—Notwithstanding section 7 of the Federal Advisory Committee Act (5 U.S.C. App.), the Director shall be paid at the rate of basic pay payable for level IV of the Executive Schedule under section 5315 of title 5, United States Code.
 - (3) Reports.—On administrative and personnel matters, the Director shall submit periodic reports to the Chairman of the Commission and the chairman and ranking member of the Committee on Governmental Affairs of the Senate and the Committee on Government Reform of the House of the Representatives.

(k) Staff.—

- (1) ADDITIONAL PERSONNEL.—Subject to paragraphs (2) and (4), the Director, with the approval of the Commission, may appoint and fix the pay of additional personnel.
- (2) APPOINTMENTS.—The Director may make such appointments without regard to the provisions of title 5, United States Code, governing appointments in the competitive service, and any personnel so appointed may be paid without regard to the pro-

- visions of chapter 51 and subchapter III of chapter

 53 of that title relating to classification and General

 Schedule pay rates.
 - (3) Detailes.—Upon the request of the Director, the head of any Federal department or agency may detail any of the personnel of that department or agency to the Commission to assist the Commission in accordance with an agreement entered into with the Commission.
 - (4) RESTRICTIONS ON PERSONNEL AND DETAILEES.—The following restrictions shall apply to personnel and detailees of the Commission:
 - (A) PERSONNEL.—No more than one-third of the personnel detailed to the Commission may be on detail from Federal agencies that deal directly or indirectly with the Federal payments the Commission intends to review.
 - (B) ANALYSTS.—No more than one-fifth of the professional analysts of the Commission may be persons detailed from a Federal agency that deals directly or indirectly with the Federal payments the Commission intends to review.
 - (C) Lead analyst.—No person detailed from a Federal agency to the Commission may be assigned as the lead professional analyst

1	with respect to an entity or industry the Com-
2	mission intends to review if the person has been
3	involved in regulatory or policy-making deci-
4	sions affecting any such entity or industry in
5	the 12 months preceding such assignment.
6	(D) DETAILEE.—A person may not be de-
7	tailed from a Federal agency to the Commission
8	if, within 12 months before the detail is to
9	begin, that person participated personally and
10	substantially in any matter within that par-
11	ticular agency concerning the preparation of
12	recommendations under this Act.
13	(E) FEDERAL OFFICER OR EMPLOYEE.—
14	No member of a Federal agency, and no officer
15	or employee of a Federal agency, may—
16	(i) prepare any report concerning the
17	effectiveness, fitness, or efficiency of the
18	performance on the staff of the Commis-
19	sion of any person detailed from a Federal
20	agency to that staff;
21	(ii) review the preparation of such re-
22	port; or
23	(iii) approve or disapprove such a re-
24	port.
25	(F) Limitation on staff size.—

1	(i) Subject to clause (ii), there may
2	not be more than 50 persons (including
3	any detailees) on the staff at any time.
4	(ii) The Commission may increase
5	personnel in excess of the limitation under
6	clause (i), 15 days after submitting notifi-
7	cation of such increase to the Committee
8	on Governmental Affairs of the Senate and
9	the Committee on Government Reform of
10	the House of Representatives.
11	(G) Limitation on Federal officer.—
12	No member of a Federal agency and no em-
13	ployee of a Federal agency may serve as a Com-
14	missioner or receive additional compensation by
15	reason of being a member of the staff.
16	(5) Assistance.—
17	(A) IN GENERAL.—The Comptroller Gen-
18	eral of the United States may provide assist-
19	ance, including the detailing of employees, to
20	the Commission in accordance with an agree-
21	ment entered into with the Commission.
22	(B) Consultation.—The Commission
23	and the Comptroller General of the United
24	States shall consult with the Committee on

Governmental Affairs of the Senate and the

1 Committee on Oversight and Government Re-2 form of the House of Representatives on the 3 agreement referred to under subparagraph (A) 4 before entering into such agreement.

(1) OTHER AUTHORITY.—

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- (1) EXPERTS AND CONSULTANTS.—The Commission may procure by contract, to the extent funds are available, the temporary or intermittent services of experts or consultants pursuant to section 3109 of title 5, United States Code.
- (2) Leasing.—The Commission may lease space and acquire personal property to the extent that funds are available.

(m) Funding.—

- (1) Commission.—There are authorized to be appropriated to the Commission such funds as are necessary to carry out its duties under this Act.
- 18 (2) COMPTROLLER GENERAL.—There are au-19 thorized to be appropriated to the Comptroller Gen-20 eral of the United States such funds as are nec-21 essary to carry out its duties under subsection 22 (k)(5).
- 23 (n) TERMINATION.—The Commission shall terminate 24 on the 90th day after the date that the Commission sub-25 mits its report under section 205(a)(1).

1 SEC. 5. REPORT; CONGRESSIONAL CONSIDERATION.

2	(a) Report of Commission.—
3	(1) Report to congress.—
4	(A) IN GENERAL.—Not later than 1 year
5	after the date of the first meeting of the Com-
6	mission, the Commission shall submit to each
7	House of Congress a report containing—
8	(i) the Commission's findings, and
9	(ii) any recommendations agreed to by
10	at least 4 Commission members for the
11	termination, reduction, or revision of any
12	of the inequitable Federal subsidies re-
13	viewed by the Commission.
14	(B) Specifications.—Such findings and
15	recommendations shall specify—
16	(i) all actions, circumstances, and con-
17	siderations relating to or bearing upon the
18	recommendations; and
19	(ii) to the maximum extent prac-
20	ticable, the estimated effect of the rec-
21	ommendations upon the policies, laws and
22	programs directly or indirectly affected by
23	the recommendations.
24	(2) Review of preliminary report by
25	COMPTROLLER GENERAL.—

- 1 (A) IN GENERAL.—Not later than 120
 2 days before the submission of the report under
 3 paragraph (1), the Commission shall submit the
 4 most recent version of such report to Comp5 troller General of the United States.
 - (B) Analysis by comptroller gen-Eral.—Not later than 60 days after receiving the version of the report referred to in subparagraph (A), the Comptroller General of the United States shall submit to the Commission a report containing a detailed analysis of such version of the report.
- 13 (b) Submission of Recommendations to the 14 Senate and House of Representatives.—
 - (1) Submission to congress.—The recommendations submitted to the Congress under subsection (a) shall be submitted to the Senate and the House of Representatives on the same day, and shall be delivered to the Secretary of the Senate if the Senate is not in session, and to the Clerk of the House of Representatives if the House is not in session.
 - (2) Publication.—Any recommendations and accompanying information submitted under sub-

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1	section (a) shall be published and made available to
2	the public by the Commission.
3	(c) Introduction.—Not later than 30 days after
4	the date the report under subsection (a) is submitted to
5	the Congress, the majority leaders of the Senate and the
6	House of Representatives or their respective designees.
7	shall introduce a bill to implement the recommendations
8	submitted under subsection (a).
9	(d) Committee Referral and Action.—
10	(1) In General.—
11	(A) In General.—Any committee to
12	which a bill or bills introduced under subsection
13	(c) is referred shall report such bill no later
14	than 20 days after the date of referral. No
15	amendment during committee consideration of
16	a bill or bills introduced under subsection (e)
17	shall be in order unless that amendment is con-
18	fined to terminating, or reducing an inequitable
19	Federal subsidy as defined in section 4 of this
20	Act. Any such reported bill shall be referred to
21	the Committee on Rules and Administration of
22	the Senate and the Committee on Rules of the
23	House of Representatives, as applicable.
24	(B) Tax bills.—Any bill referred to the

Committee on Finance of the Senate or the

1 Committee on Ways and Means of the House of 2 Representatives that contains revenue increases 3 may be amended to include reductions in revenues in the form of tax cuts in an amount up to the amount of the revenue increases, but no 6 amendment shall be in order that would result 7 in a limited tax benefit as defined in subpara-8 graph (C) of this paragraph. 9 (C) LIMITED TAX BENEFIT.—For purposes of this paragraph, the term "limited tax ben-10 11 efit" means— 12 (i) any revenue-losing provision which 13 provides a Federal tax deduction, credit, 14 exclusion, or preference to 100 or fewer 15 beneficiaries under the Internal Revenue 16 Code of 1986 in any fiscal year for which 17 the provision is in effect; and 18 (ii) any Federal tax provision which 19 provides temporary or permanent transi-20 tional relief for 10 or fewer beneficiaries in 21 any fiscal year from a change to the Inter-22 nal Revenue Code of 1986.

(D) EXCEPTIONS.—A provision shall not be treated as a limited tax benefit if the effect of that provision is that—

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1	(i) all persons in the same industry or
2	engaged in the same type of activity re-
3	ceive the same treatment;
4	(ii) all persons owning the same type
5	of property, or issuing the same type of in-
6	vestment, receive the same treatment; or
7	(iii) any difference in the treatment of
8	persons is based solely on—
9	(I) in the case of businesses and
10	associations, the size or form of the
11	business or association involved;
12	(II) in the case of individuals,
13	general demographic conditions, such
14	as income, marital status, number of
15	dependents, or tax return filing sta-
16	tus;
17	(III) the amount involved; or
18	(IV) a generally-available election
19	under the Internal Revenue Code of
20	1986.
21	(E) Further exceptions.—A provision
22	shall not be treated as a limited tax benefit if—
23	(i) it provides for the retention of
24	prior law with respect to all binding con-
25	tracts or other legally enforceable obliga-

1	tions in existence on a date contempora-
2	neous with congressional action specifying
3	such date; or
4	(ii) it is a technical correction to pre-
5	viously enacted legislation that is estimated
6	to have no revenue effect.
7	(F) TREATMENT.—For purposes of this
8	paragraph—
9	(i) all businesses and associations
10	which are related within the meaning of
11	sections 707(b) and
12	(ii) all qualified plans of an employer
13	shall be treated as a single beneficiary;
14	(iii) all holders of the same bond issue
15	shall be treated as a single beneficiary; and
16	(iv) if a corporation, partnership, as-
17	sociation, trust or estate is the beneficiary
18	of a provision, the shareholders of the cor-
19	poration, the partners of the partnership,
20	the members of the association, or the
21	beneficiaries of the trust or estate shall not
22	also be treated as beneficiaries of such pro-
23	vision.
24	(G) REVENUE-LOSING PROVISION.—For
25	purposes of this paragraph, the term "revenue-

1	losing provision" means any provision which re-
2	sults in a reduction in Federal tax revenues for
3	any one of the two following periods—
4	(i) the first fiscal year for which the
5	provision is effective; or
6	(ii) the period of the 5 fiscal years be-
7	ginning with the first fiscal year for which
8	the provision is effective.
9	(H) The terms used in this paragraph
10	shall have the same meaning as those terms
11	have generally in the Internal Revenue Code of
12	1986, unless otherwise expressly provided.
13	(2) DISCHARGE.—If a committee does not re-
14	port a bill within the 120-day period as provided
15	under paragraph (1), such bill shall be discharged
16	from the committee and referred to the Committee
17	on Rules and Administration of the Senate or the
18	Committee on Rules of the House of Representa-
19	tives, as applicable.
20	(3) Report to floor; consolidation.—
21	(A) In General.—No later than the first
22	day the Senate or the House of Representatives
23	(as applicable) is in session following 10 cal-
24	endar days in session after the end of the pe-
25	riod described under paragraphs (1) and (2),

1	the Committee on Rules and Administration of
2	the Senate and the Committee on Rules of the
3	House of Representatives, as applicable, shall—
4	(i) consolidate all bills referred under
5	paragraphs (1) and (2) into a single bill
6	(without substantive amendment) and re-
7	port such bill to the Senate or the House
8	of Representatives; or
9	(ii) if only 1 bill is referred under
10	paragraph (1) or (2), report such bill
11	(without amendment) to the Senate or
12	House of Representatives.
13	(B) LEGISLATIVE CALENDAR.—The bill re-
14	ported under subparagraph (A) shall be placed
15	on the legislative calendar of the appropriate
16	House.
17	(e) Procedure in Senate After Report of Com-
18	MITTEE; DEBATE; AMENDMENTS.—
19	(1) Debate on Bill.—Debate in the Senate
20	on a bill reported under subsection (d)(3), and all
21	amendments thereto and debatable motions and ap-
22	peals in connection therewith, shall be limited to not
23	more than 30 hours. The time shall be equally di-
24	vided between, and controlled by, the majority leader
25	and minority leader or their designees.

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(2) Debate on Amendments.—Debate in the Senate on any amendment to the bill shall be limited to 1 hour, to be equally divided between, and controlled by, the mover and the manager of the bill, and debate on any amendment to an amendment, debatable motion, or appeal shall be limited to 30 minutes, to be equally divided between, and controlled by, the mover and the manager of the bill, except that in the event the manager of the bill is in favor of any such amendment, motion or appeal, the time in opposition thereto shall be controlled by the minority leader or his designee.

(3) Limit of Debate.—

- (A) A motion to further limit debate is not debatable. A motion by the majority leader or his designee to extend debate is not debatable. A motion to recommit is not in order.
- (B) No amendment to the bill reported under subsection (d)(3) shall be in order unless—
- (i) that amendment is confined to ter-22 minating or reducing an inequitable Fed-23 eral payment as defined by section 4 of 24 this Act;

1	(ii) that amendment is germane to the
2	bill reported by the Committee on Govern-
3	mental Affairs; and

(iii) for the purposes of such bill, "germane" means only amendments which strike language from such bill, or restore language in the bill or bills introduced under subsection (c).

(4) Conference reports.—

- (A) MOTION TO PROCEED.—A motion to proceed to the consideration of the conference report on a bill subject to the procedures of this section and reported to the Senate may be made even though a previous motion to the same effect has been disagreed to.
- (B) TIME LIMITATION.—The consideration in the Senate of the conference report on the bill and any amendments in disagreement thereto, including all debatable motions and appeals in connection therewith, shall be limited to 5 hours, to be equally divided between, and controlled by, the majority leader and minority leader or their designees. Debate on any debatable motion, appeal related to the conference report, or any amendment to an amendment in

- disagreement, shall be limited to 30 minutes, to
 be equally divided between, and controlled by,
 the mover and the manager of the conference
 report (or a message between Houses).
- 5 (f) PROCEDURE IN HOUSE OF REPRESENTATIVES6 AFTER REPORT OF THE COMMITTEE; DEBATE.—
 - (1) Motion to consider.—When the Committee on Rules of the House of Representatives reports a bill under subsection (d)(3) it is in order (at any time after the fifth day (excluding Saturdays, Sundays, and legal holidays) following the day on which any committee report filed on a bill referred under subsection (d)(1) to the Committee on Rules has been available to Members of the House) to move to proceed to the consideration of the bill reported to the House of Representatives. The motion is highly privileged and is not debatable. An amendment to the motion is not in order, and it is not in order to move to reconsider the vote by which the motion is agreed to or disagreed to.
 - (2) Debate.—General debate on the bill in the House of Representatives shall be limited to not more than 10 hours, which shall be divided equally between the majority and minority parties. A motion further to limit debate is not debatable. A motion to

- postpone debate is not in order, and it is not in order to move to reconsider the vote by which the bill is agreed to or disagreed to.
 - (3) Terms of consideration.—Consideration of the bill by the House of Representatives shall be in the Committee of the Whole, and the bill shall be considered for amendment under the 5-minute rule in accordance with the applicable provisions of rule XXIII of the Rules of the House of Representatives for the 110th Congress. After the committee rises and reports the bill back to the House, the previous question shall be considered as ordered on the bill and any amendments thereto to final passage without intervening motion.
 - (4) LIMIT ON DEBATE.—Debate in the House of Representatives on the conference report on a bill subject to the procedures under this section and reported to the House of Representatives shall be limited to not more than 5 hours, which shall be divided equally between the majority and minority parties. A motion further to limit debate is not debatable. A motion to recommit the conference report is not in order, and it is not in order to move to reconsider the vote by which the conference report is agreed to

- or disagreed to. A motion to postpone is not in order.
- 3 (5) APPEALS.—Appeals from decisions of the 4 chair relating to the application of the Rules of the 5 House of Representatives to the procedure relating 6 to the bill shall be decided without debate.
- 7 (g) Rules of the Senate and House of Rep-8 resentatives.—This section is enacted by Congress—
 - (1) as an exercise of the rulemaking power of the Senate and the House of Representatives, respectively, but applicable only with respect to the procedure to be followed in that House in the case of a bill under this section, and it supersedes other rules only to the extent that it is inconsistent with such rules; and
 - (2) with full recognition of the constitutional right of either House to change the rules as far as relating to the procedure of that House at any time, in the same manner, and to the same extent as in the case of any other rule of that House.

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